

**CALHOUN PORT AUTHORITY  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2007**

## **FINANCIAL SECTION**

**CALHOUN PORT AUTHORITY**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2007**

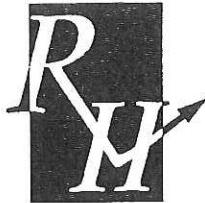
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\*Pointing The Way to Success\*

## Roloff, Hnatek & Co., L.L.P.

Certified Public Accountants  
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### INDEPENDENT AUDITORS' REPORT

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Board of Commissioners  
Calhoun Port Authority  
Point Comfort, Texas

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Calhoun Port Authority, as of and for the year ended June 30, 2007, which collectively comprise the Port's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Calhoun Port Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Calhoun Port Authority as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof, and the budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2007, on our consideration of Calhoun Port Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Calhoun Port Authority basic financial statements. The schedules and graphs on pages 40 through 47 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules and graphs on pages 40 through 47 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Roloff, Hnatek & Co., L.L.P.*

Certified Public Accountants

August 30, 2007

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**CALHOUN PORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2007**

As management of the Calhoun Port Authority, Calhoun County, Texas ("Port"), we offer readers as an introduction to the Port's financial statements, this narrative overview and analysis of the Port's activities and financial performance for the year ended June 30, 2007. This discussion and analysis is designed to assist the reader in concentrating on the significant financial issues and activities and to identify any significant changes in financial position. All amounts, unless otherwise indicated, are expressed in whole dollars.

### **FINANCIAL HIGHLIGHTS**

- The net assets of the Port at June 30, 2007 were \$43,456,216. Of this amount, \$3,625,508 are unrestricted net assets.
- The Port's total net assets decreased \$1,914,449, or 4%, over the prior year.
- The Port again had no outstanding debt during fiscal year 2007, other than debt fully guaranteed by INEOS USA, LLP (formerly BP Amoco).

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements of the Port consist of three parts, management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the Port:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Port's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the government, reporting the Port's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how the general government services were financed in the short term as well as what remains for future spending.
- *Proprietary fund statements* offer short-term and long-term financial information about the activities the government operates like businesses, such as the AN/NH3 Facility.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the information in the financial statements.

Table A-1 on the following page summarizes the major features of the Port's financial statements, including the portion of the Port government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**CALHOUN PORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2007**

**Table A-1. Major Features of the Port's Government-wide and Fund Financial Statements**

Features	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire Port's government (except fiduciary funds) and the Port's component unit	The activities of the Port that are not proprietary or fiduciary	Activities the Port operates similar to private businesses; AN/NH3 Facility
Required financial statements	Statement of net assets Statement of activities	Balance sheet  Statement of revenues, expenditures, and changes in fund balances	Statement of net assets  Statement of revenues, expenses, and changes in fund net assets Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

#### **Government-wide Statements**

The government-wide statements report information about the Port as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Port's net assets and how they have changed. Net assets are the difference between the Port's assets and liabilities, and are one way to measure the Port's financial health or position.

- Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Port is improving or deteriorating.
- To assess the overall health of the Port, one needs to consider additional non-financial factors such as the Port's customer base.

**CALHOUN PORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
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The government-wide financial statements of the Port include the *governmental activities*. Most of the Port's basic services are included here, such as wharfage, dockage, and any other charges relating to the transfer of product across the Port's docks and pier.

The government-wide statements include not only the Port, but also one legally separate blended component unit, the Calhoun County Navigation Industrial Development Authority ("CCNIDA").

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the Port's most significant funds and not the Port as a whole. Funds are accounting devices that the Port uses to keep track of specific sources of funding and spending for specific purposes and facilities.

- Some funds are required by State law and by bond covenants.
- The Board of Commissioners establishes other funds to control and manage money for particular purposes, or to show that it is properly using grants.

The Port has the following kinds of funds:

- Governmental funds - Most of the Port's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted into cash flow in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Port's operations. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the government funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- Enterprise funds - The Port accounts for its storage fees, and related expenses, for the AN/NH3 Facility in an enterprise fund, providing both short-term and long-term financial information.

### **Other Information**

In addition to the financial statements and accompanying notes, this report also presents certain *supplementary information*, along with port statistics. Statistical information presented on a multi-year basis and other information including disclosures for compliance with the Securities and Exchange Commission Rule 15c2-12 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Statistical and other information can be found on pages 40 through 47 of this report.

**CALHOUN PORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2007**

### **FINANCIAL ANALYSIS**

One fundamental question that is most asked of business is, as a whole “Are you better off or worse off as a result of the year’s activities?” The statement of net assets, and the statement of activities, report information about the Port’s activities in a way that should help answer this question. These two statements report the net assets of the Port and changes in them. The Port’s net assets (the difference between assets and liabilities) can be thought of as a way to measure financial health of the Port. Over time, increases or decreases in the Port’s net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other information that is non-financial in nature, such as changes in economic conditions, global market trends, population growth, mandated federal regulations and new or changed government legislation.

#### **Statement of Net Assets**

The statement of net assets serves as a useful indicator over time of the Port’s financial position. It distinguishes assets and liabilities as to their expected use for current operation, restricted and capital investment. The Port’s assets exceeded its liabilities at the close of fiscal year 2007 by \$43,456,216. The following condensed Statement of Net Assets provides an overview of the Port’s net assets as of June 30, 2007 and 2006.

	Governmental Activities		Business-type Activities		Total *		Change 2007 - 2006
	2007	2006	2007	2006	2007	2006	
<b>Assets:</b>							
Current Assets	\$ 3,174,864	\$ 6,194,981	\$ 1,907,838	\$ 1,239,456	\$ 5,082,702	\$ 7,434,437	\$ (2,351,735)
Internal Receivables	32,406,090	32,406,090	-0-	-0-	*	*	-0-
Capital Assets	<u>46,541,319</u>	<u>44,464,005</u>	<u>25,689,389</u>	<u>26,650,050</u>	<u>72,230,708</u>	<u>71,114,055</u>	<u>1,116,653</u>
Total Assets	<u>82,122,273</u>	<u>83,065,076</u>	<u>27,597,227</u>	<u>27,889,506</u>	<u>77,313,410</u>	<u>78,548,492</u>	<u>(1,235,082)</u>
<b>Liabilities:</b>							
Current Liabilities	1,027,354	354,147	429,840	423,681	1,457,194	777,828	679,366
Internal Payables	-0-	-0-	32,406,090	32,406,090	*	*	-0-
Long-term Debt, Net of Current Portion	<u>32,400,000</u>	<u>32,400,000</u>	<u>-0-</u>	<u>-0-</u>	<u>32,400,000</u>	<u>32,400,000</u>	<u>-0-</u>
Total Liabilities	<u>33,427,354</u>	<u>32,754,147</u>	<u>32,835,930</u>	<u>32,829,771</u>	<u>33,857,194</u>	<u>33,177,828</u>	<u>679,366</u>
<b>Net Assets:</b>							
Invested in Capital Assets,							
Net of Related Debt	46,541,319	44,464,005	(6,710,611)	(5,749,950)	39,830,708	38,714,055	1,116,653
Unrestricted	<u>2,153,600</u>	<u>5,846,924</u>	<u>1,471,908</u>	<u>809,685</u>	<u>3,625,508</u>	<u>6,656,609</u>	<u>(3,031,101)</u>
Total Net Assets	<u>\$ 48,694,919</u>	<u>\$ 50,310,929</u>	<u>\$ (5,238,703)</u>	<u>\$ (4,940,265)</u>	<u>\$ 43,456,216</u>	<u>\$ 45,370,664</u>	<u>\$ (1,914,448)</u>

\* After internal receivables and payables have been eliminated.

**CALHOUN PORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2007**

By far, the largest portion of the Port's net assets reflect its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less the remaining balance of the related debt used to acquire those assets. The Port uses these capital assets to provide services to its customers and consequently, these assets are not available for future spending. Although the Port's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay any debt must be provided from other sources since the capital assets cannot be used to liquidate any liabilities the Port may have. The remaining balance of unrestricted net assets (\$3,625,508) may be used to meet the Port's ongoing obligations to employees and creditors.

**Statement of Activities**

The statement of activities serves as a measure to determine how successful the Port was during the past year in recovering its costs through user fees and other charges, as well as its profitability and credit worthiness. The following condensed statement of activities summarizes the operations of the Port for the years ended June 30, 2007 and 2006.

	Governmental Activities		Business-type Activities		Total		Change 2007 - 2006
	2007	2006	2007	2006	2007	2006	
<b>Revenues:</b>							
Charges for Services	\$ 2,681,542	\$ 2,231,888	\$ 4,669,457	\$ 3,525,151	\$ 7,350,999	\$ 5,757,039	\$ 1,593,960
Capital Grants and Contributions	-0-	80,143	-0-	-0-	-0-	80,143	(80,143)
General Revenues	2,127,793	2,964,527	32,309	32,235	2,160,102	2,996,762	(836,660)
Total Revenues	<u>4,809,335</u>	<u>5,276,558</u>	<u>4,701,766</u>	<u>3,557,386</u>	<u>9,511,101</u>	<u>8,833,944</u>	<u>677,157</u>
<b>Expenses:</b>							
Port Operations	5,706,485	5,453,065	-0-	-0-	5,706,485	5,453,065	253,420
Administration	718,861	599,165	-0-	-0-	718,861	599,165	119,696
AN/NH3 Facility	-0-	-0-	5,000,204	4,727,871	5,000,204	4,727,871	272,333
Total Expenses	<u>6,425,346</u>	<u>6,052,230</u>	<u>5,000,204</u>	<u>4,727,871</u>	<u>11,425,550</u>	<u>10,780,101</u>	<u>645,449</u>
Increase (Decrease) in Net Assets	<u>\$ (1,616,011)</u>	<u>\$ (775,672)</u>	<u>\$ (298,438)</u>	<u>\$ (1,170,485)</u>	<u>\$ (1,914,449)</u>	<u>\$ (1,946,157)</u>	<u>\$ 31,708</u>

**CALHOUN PORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2007**

**Charges for Services - Governmental Activities**

Charges for services in governmental activities in 2007 increased by \$449,654, or 20%, from 2006. The increase was primarily due to extended dockage stays and a slight increase in the dockage rate and an increase in throughput of 577,220.7 short tons. The following table summarizes charges for services in governmental activities, by type.

	<b>2007</b>	<b>2006</b>	<b>Change</b>
General Cargo Dock - Chemicals	\$ 296,721	\$ 234,980	\$ 61,741
General Cargo Dock - Fertilizer	22,806	49,972	(27,166)
General Cargo Dock - Other	288,587	268,893	19,694
Liquid Pier North	650,738	581,068	69,670
Liquid Pier South	669,969	527,530	142,439
Barge Berths 1-6	417,976	267,231	150,745
Security Fees	228,980	187,826	41,154
Other Fees	105,765	114,388	(8,623)
<b>Total Charges for Services - Governmental Activities</b>	<b>\$ 2,681,542</b>	<b>\$ 2,231,888</b>	<b>\$ 449,654</b>

**General Revenues - Governmental Activities**

During 2007, there was a significant decrease in governmental activities general revenues. This is due to approximately \$900,000 more in third party reimbursements received by the Port in 2006 than that received in 2007.

**Expenses - Governmental Activities**

Expenses for governmental activities in 2007 increased by \$373,116, or 6%, over 2006. This increase can be attributed to increased personnel costs, Joslin Plant expenditures and expenditures for increased security, operations and infrastructure costs. In addition, interest expense increased due to higher market interest rates. The following table breaks down operating expenses by functional group.

	<b>2007</b>	<b>2006</b>	<b>Change</b>
Port Operations	\$ 5,706,485	\$ 5,453,065	\$ 253,420
Administration	718,861	599,165	119,696
<b>Total Expenses - Governmental Activities</b>	<b>\$ 6,425,346</b>	<b>\$ 6,052,230</b>	<b>\$ 373,116</b>

**CALHOUN PORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2007**

**General Fund Budgetary Highlights**

Over the course of the year, the Port revised its general fund budget several times. Amendments were made to several revenue and expenditure categories based on the Port's best estimates at the time the amendments were made. With these amendments, actual revenues were \$283,385 above, and actual expenditures were \$161,042 above, total final budgeted amounts. These significant variances are primarily due to uncertainties related to the number of vessels estimated to dock, the length of stay of the vessels, changes in personnel in the maintenance and operations areas, estimating the increased cost of security for the vessels, estimating the increases in the costs of electricity and insurance, and other complex variables.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Port's investment in capital assets as of June 30, 2007 amounts to \$46,541,319 (net of accumulated depreciation). This investment in capital assets includes port facilities, machinery and equipment, property, buildings, furniture, equipment, and construction in progress, if any. This amount represents a net increase (including additions, deletions, and depreciation expense) of \$2,077,314, or 5%, over 2006. Additional information regarding the Port's capital assets can be found in Notes 5 and 13 to the financial statements on pages 28, 29, and 35. The following table summarizes the Port's capital assets (net of accumulated depreciation) as of June 30, 2007 and 2006.

	2007	2006	Change
<b>Capital Assets, not being depreciated</b>			
Land	\$ 4,699,492	\$ 4,658,113	\$ 41,379
Construction-in-Progress	4,226,447	1,996,497	2,229,950
<b>Subtotal</b>	<b>8,925,939</b>	<b>6,654,610</b>	<b>2,271,329</b>
<b>Capital Assets, being depreciated</b>			
Buildings	1,711,502	1,051,127	660,375
Equipment	1,136,971	1,273,121	(136,150)
Infrastructure	34,766,907	35,485,147	(718,240)
<b>Subtotal</b>	<b>37,615,380</b>	<b>37,809,395</b>	<b>(194,015)</b>
<b>Total Net Capital Assets</b>	<b>\$ 46,541,319</b>	<b>\$ 44,464,005</b>	<b>\$ 2,077,314</b>

Major capital asset events during 2007 include the following:

- Dredging Permit for the Matagorda Ship Channel
- Support Service Building
- Dredging of the Port Channel
- Loading Arm

**CALHOUN PORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2007**

**Long-term Debt**

As of June 30, 2007, the Port had long-term debt outstanding of \$32,400,000. This amount is comprised of general revenue bonds and is fully guaranteed by INEOS USA, LLP (formerly BP Amoco). Additional information regarding the Port's long-term debt can be found in Note 6 to the financial statements on pages 29 through 31. The following table summarizes the Port's long-term debt outstanding as of June 30, 2007 and 2006.

	2007	2006	Change
General Revenue Bonds	\$ 32,400,000	\$ 32,400,000	\$ -0-
<b>Total Long-term Debt</b>	<b>\$ 32,400,000</b>	<b>\$ 32,400,000</b>	<b>\$ -0-</b>

**ECONOMIC OUTLOOK**

The basic financial statements emphasize the Port's intent to recover the costs of its activities through its user fees and other charges. The results for 2007 were affected by an increase in overall throughput on the Port's docks due to one of the Formosa plants being shut down for seven months in fiscal year 2006. In addition, the Port experienced increased revenues due to increased dockage fees. Because of 9-11, security costs have increased dramatically due to the effects of federally mandated security requirements. The Port has been successful in securing some federal funding to assist with the increased costs of providing enhanced security infrastructure associated with the new security regulations. The Port continues to actively seek additional federal funding sources to provide for a safer and more secure environment in which to conduct its activities.

The Port has budgeted about \$168,000 for capital improvements during the fiscal year ending June 30, 2008.

Adjacent to the port facility is an electricity generation plant that has not been in operation for several years. In July 2004, the Port purchased the plant, and surrounding 170 acres, from E. S. Joslin, LP for \$50,000. In January 2005, an outside party signed an option to purchase the facility. If exercised, the purchase price will be \$15,000,000. In addition, the Port will be obligated, at its sole expense, to construct a dock to accommodate the needs of the new owner. During the option period, the Port is receiving an option fee of \$15,000 per month. In August 2007, the option was extended for one year for an upfront fee of \$1,400,000. The extent of environmental remediation, if any, has not yet been fully determined.

In October 2004, the Port entered into an interim financing agreement with Gulf Coast LNG Partners, LP, whereby Gulf Coast is paying \$4,166.67 per month for an option to lease a project site from the Port. When the project permits are issued, a liquefied natural gas (or LNG) re-gasification and storage facility will be constructed on the Port's property. The construction cost of the project could be as much as \$450,000,000. When built, the financing and leasing arrangement is expected to be similar to that described in Note 6 on pages 29 through 31.

**CALHOUN PORT AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2007**

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Port's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information, including separately issued financial statements of the component unit, should be addressed to the Port's Port Director, P.O. Box 397, Point Comfort, Texas 77978.

**BASIC FINANCIAL STATEMENTS**

**CALHOUN PORT AUTHORITY**  
**STATEMENT OF NET ASSETS**

JUNE 30, 2007

	Governmental Activities	Business-type Activities	Total <sup>+</sup>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,754,350	\$ 1,579,614	\$ 4,333,964
Accounts Receivable	407,960	321,033	728,993
Property Taxes Receivable	4,937	--	4,937
Prepaid Expenses	7,617	7,191	14,808
Internal Receivables	32,406,090	--	--
Capital Assets, Net of Accumulated Depreciation	<u>46,541,319</u>	<u>25,689,389</u>	<u>72,230,708</u>
Total Assets	<u>82,122,273</u>	<u>27,597,227</u>	<u>77,313,410</u>
<b>LIABILITIES</b>			
Accounts Payable	782,843	37,089	819,932
Deferred Lease Revenue	193,658	392,751	586,409
Deferred Property Tax Revenue	4,937	--	4,937
Internal Payables	--	32,406,090	--
Other Liabilities	45,916	--	45,916
Noncurrent Liabilities Due in More Than One Year	<u>32,400,000</u>	<u>--</u>	<u>32,400,000</u>
Total Liabilities	<u>33,427,354</u>	<u>32,835,930</u>	<u>33,857,194</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt (Deficit)	46,541,319	(6,710,611)	39,830,708
Unrestricted	<u>2,153,600</u>	<u>1,471,908</u>	<u>3,625,508</u>
Total Net Assets (Deficit)	<u>\$ 48,694,919</u>	<u>\$ (5,238,703)</u>	<u>\$ 43,456,216</u>

<sup>+</sup> After internal receivables and payables have been eliminated.

CALHOUN PORT AUTHORITY  
 STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2007

<u>Functions/Programs</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Charges for Services</u>	<u>Government Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Primary Government:</b>				
Governmental Activities:				
Port Operations	\$ 5,706,485	\$ 2,681,542	\$ (3,024,943)	\$ (3,024,943)
Administration	<u>718,861</u>	<u>—</u>	<u>(718,861)</u>	<u>(718,861)</u>
Total Governmental Activities	<u>6,425,346</u>	<u>2,681,542</u>	<u>(3,743,804)</u>	<u>(3,743,804)</u>
Business-type Activities:				
AN/NH3 Facility	<u>5,000,204</u>	<u>4,669,457</u>	<u>—</u>	<u>(330,747)</u>
Total Primary Government	<u>\$ 11,425,550</u>	<u>\$ 7,350,999</u>	<u>(3,743,804)</u>	<u>(4,074,551)</u>
General Revenues:				
Property Taxes	108,094	—	—	108,094
Leases and Easements	574,276	—	—	574,276
Third Party Reimbursements	118,750	—	—	118,750
Interest Income	<u>1,326,673</u>	<u>32,309</u>	<u>—</u>	<u>1,358,982</u>
Total General Revenues	<u>2,127,793</u>	<u>32,309</u>	<u>—</u>	<u>2,160,102</u>
Change in Net Assets	(1,616,011)	(298,438)	(1,914,449)	
Net Assets (Deficit) - Beginning	105,370,178	(4,940,265)	100,429,913	
Prior Period Adjustment	<u>(55,059,248)</u>	<u>—</u>	<u>(55,059,248)</u>	
Net Assets (Deficit) - Ending	<u>\$ 48,694,919</u>	<u>\$ (5,238,703)</u>	<u>\$ 43,456,216</u>	

The accompanying notes are an integral part of the financial statements.

**CALHOUN PORT AUTHORITY**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2007**

	<u>General</u>	<u>Debt Service Fund</u>	<u>Industrial Development Authority</u>	<u>Matagorda Ship Channel Permit</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash	\$ 2,694,328	\$ --	\$ 706	\$ 33,787	\$ 25,529	\$ 2,754,350
Accounts Receivable	399,626	--	--	--	8,334	407,960
Property Taxes Receivable	4,937	--	--	--	--	4,937
Due From Other Funds	6,090	--	--	--	--	6,090
Prepaid Expenses	7,617	--	--	--	--	7,617
Advances to Other Fund	--	--	32,400,000	--	--	32,400,000
<b>Total Assets</b>	<b>\$ 3,112,598</b>	<b>\$ --</b>	<b>\$ 32,400,706</b>	<b>\$ 33,787</b>	<b>\$ 33,863</b>	<b>\$ 35,580,954</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	\$ 694,702	\$ --	\$ --	\$ 88,141	\$ --	\$ 782,843
Deferred Lease Revenue	193,658	--	--	--	--	193,658
Deferred Property Tax Revenue	4,937	--	--	--	--	4,937
Other Liabilities	45,916	--	--	--	--	45,916
<b>Total Liabilities</b>	<b>939,213</b>	<b>--</b>	<b>--</b>	<b>88,141</b>	<b>--</b>	<b>1,027,354</b>
Fund Balances:						
Unreserved, Reported in:						
General Fund	2,173,385	--	--	--	--	2,173,385
Special Revenue Fund	--	--	32,400,706	--	--	32,400,706
Capital Projects Fund	--	--	--	(54,354)	33,863	(20,491)
<b>Total Fund Balances (Deficit)</b>	<b>2,173,385</b>	<b>--</b>	<b>32,400,706</b>	<b>(54,354)</b>	<b>33,863</b>	<b>34,553,600</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,112,598</b>	<b>\$ --</b>	<b>\$ 32,400,706</b>	<b>\$ 33,787</b>	<b>\$ 33,863</b>	
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						104,169,267
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.						(32,400,000)
<b>Net assets of governmental activities</b>						<b>\$ 106,322,867</b>

The accompanying notes are an integral part of the financial statements.

**CALHOUN PORT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2007**

	Debt General Service Fund	Industrial Development Authority	Matagorda Ship Channel Permit	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Harbor Operating Income	\$ 2,681,542	\$ --	\$ --	\$ --	\$ 2,681,542
Non-Harbor Operating Income	524,276	--	--	50,000	574,276
Taxes	108,094	--	--	--	108,094
Interest	90,289	1,203,334	13	29,756	1,326,673
Reimbursements	--	--	--	118,750	118,750
<b>Total Revenues</b>	<b>3,404,201</b>	<b>1,203,334</b>	<b>13</b>	<b>148,506</b>	<b>4,809,335</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Administrative:					
Personnel Costs	370,092	--	--	--	370,092
Other	326,442	--	--	29	326,471
Maintenance and Operations	1,079,741	--	--	--	1,079,741
Security	211,230	--	--	--	211,230
Utilities	268,923	--	--	--	268,923
Insurance	89,112	--	--	--	89,112
Other	67,798	--	--	--	67,798
Debt Service - Interest	--	1,203,334	--	--	1,203,334
Capital Outlay	<u>2,609,483</u>	<u>--</u>	<u>--</u>	<u>100,000</u>	<u>4,885,958</u>
<b>Total Expenditures</b>	<b>5,022,821</b>	<b>1,203,334</b>	<b>--</b>	<b>2,176,475</b>	<b>8,502,659</b>
Excess (Deficiency) of Revenues Over Expenditures					
	(1,618,620)	--	13	(2,027,969)	(46,748)
					(3,693,324)
<b>Other Financing Sources (Uses):</b>					
Transfers In	231,066	--	500	1,500,000	100,000
Transfers Out	(1,500,500)	--	--	(100,000)	(231,066)
Total Other Financing Sources (Uses)	(1,269,434)	--	500	1,400,000	(131,066)
Net Change in Fund Balances	(2,888,054)	--	513	(627,969)	(177,814)
Fund Balances - Beginning	5,061,439	--	32,400,193	573,615	211,677
Fund Balances (Deficit) - Ending	<u>\$ 2,173,385</u>	<u>\$ --</u>	<u>\$ 32,400,706</u>	<u>\$ (54,354)</u>	<u>\$ 33,863</u>
					<u>\$ 34,553,600</u>

The accompanying notes are an integral part of the financial statements.

**CALHOUN PORT AUTHORITY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2007**

Net change in fund balances - total governmental funds (page 15)	\$ (3,693,324)
--	----------------

Amounts reported for governmental activities in the statement of activities (page 13) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$4,885,958) exceeded depreciation (\$2,808,645) in the current period.

2,077,313

Change in net assets of governmental activities (page 13)	<u>\$ (1,616,011)</u>
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**CALHOUN PORT AUTHORITY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL**

**GENERAL FUND**

**YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget -
	Original	Final	Positive (Negative)
<b>Revenues:</b>			
Harbor Operating Income	\$ 2,244,818	\$ 2,394,400	\$ 287,142
Non-Harbor Operating Income	509,382	521,016	3,260
Taxes	90,000	108,000	94
Interest	150,000	95,000	(4,711)
Reimbursements	2,400	2,400	(2,400)
Total Revenues	<u>2,996,600</u>	<u>3,120,816</u>	<u>283,385</u>
<b>Expenditures:</b>			
Administrative:			
Personnel Costs	386,441	377,278	7,186
Other	242,000	274,987	(51,455)
Maintenance and Operations	955,756	1,068,048	(11,693)
Security	164,000	180,800	(30,430)
Utilities	311,700	319,700	50,777
Insurance	65,000	83,700	(5,412)
Other	45,000	42,000	(25,798)
Capital Expenditures	<u>1,536,304</u>	<u>2,515,266</u>	<u>(94,217)</u>
Total Expenditures	<u>3,706,201</u>	<u>4,861,779</u>	<u>(161,042)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(709,601)</u>	<u>(1,740,963)</u>	<u>(1,618,620)</u>
			<u>122,343</u>
<b>Other Financing Sources (Uses):</b>			
Transfers In	--	--	231,066
Transfers Out	<u>(1,500,500)</u>	<u>(1,500,500)</u>	<u>(1,500,500)</u>
Total Other Sources (Uses)	<u>(1,500,500)</u>	<u>(1,500,500)</u>	<u>(1,269,434)</u>
Net Change in Fund Balance	<u>(2,210,101)</u>	<u>(3,241,463)</u>	<u>(2,888,054)</u>
Fund Balance - Beginning	<u>5,061,439</u>	<u>5,061,439</u>	<u>353,409</u>
Fund Balance - Ending	<u>\$ 2,851,338</u>	<u>\$ 1,819,976</u>	<u>\$ 2,173,385</u>
			<u>\$ 353,409</u>

The accompanying notes are an integral part of the financial statements.

CALHOUN PORT AUTHORITY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND

JUNE 30, 2007

Business-type Activities -  
Enterprise Fund  
AN/NH3 Facility

**ASSETS**

Current Assets:	
Cash and Cash Equivalents	\$ 1,579,614
Accounts Receivable	321,033
Prepaid Expenses	<u>7,191</u>
Total Current Assets	<u>1,907,838</u>
Noncurrent Assets:	
Capital Assets:	
Tanks and Terminal	32,410,122
Tanks and Terminal - Improvements	523,282
Equipment	52,187
Less Accumulated Depreciation	<u>(7,296,202)</u>
Total Noncurrent Assets	<u>25,689,389</u>
Total Assets	<u>27,597,227</u>

**LIABILITIES**

Current Liabilities:	
Accounts Payable	37,089
Deferred Revenue	392,751
Due to Other Funds	<u>6,090</u>
Total Current Liabilities	<u>435,930</u>
Noncurrent Liabilities:	
Advances From Other Fund	<u>32,400,000</u>
Total Liabilities	<u>32,835,930</u>

**NET ASSETS**

Invested in Capital Assets, Net of Related Debt (Deficit)	(6,710,611)
Unrestricted	<u>1,471,908</u>
Total Net Assets (Deficit)	<u>\$ (5,238,703)</u>

The accompanying notes are an integral part of the financial statements.

**CALHOUN PORT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2007**

	Business-type Activities - Enterprise Fund <u>AN/NH3 Facility</u>
Operating Revenues:	
Storage Fees	<u>\$ 4,669,457</u>
Operating Expenses:	
Maintenance and Operations	2,280,069
Utilities	275,900
Insurance	196,300
Security	<u>37,760</u>
	<u>2,790,029</u>
Operating Income Before Depreciation	1,879,428
Depreciation Expense	<u>960,661</u>
Operating Income	<u>918,767</u>
Non-Operating Revenues (Expenses):	
Interest Income	32,309
Interest Expense	(1,201,308)
Other Expense	<u>(48,206)</u>
Non-Operating Revenues (Expenses), Net	<u>(1,217,205)</u>
Change in Net Assets	(298,438)
Total Net Assets (Deficit) - Beginning	<u>(4,940,265)</u>
Total Net Assets (Deficit) - Ending	<u>\$ (5,238,703)</u>

The accompanying notes are an integral part of the financial statements.

CALHOUN PORT AUTHORITY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2007

	Business-type Activities - Enterprise Fund <u>AN/NH3 Facility</u>
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 4,658,746
Cash Paid to Suppliers	<u>(2,834,122)</u>
Net Cash Provided by Operating Activities	<u>1,824,624</u>
Cash Flows From Capital and Related Financing Activities:	
Interest Paid	<u>(1,201,308)</u>
Cash Flows From Investing Activities:	
Interest Received	<u>32,309</u>
Net Increase in Cash	655,625
Cash, Beginning of Year	<u>923,989</u>
Cash, End of Year	<u>\$ 1,579,614</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 918,767
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	960,661
Other Expense	(48,206)
Increase in Accounts Receivable	(10,712)
Increase in Prepaid Expenses	(2,046)
Increase in Accounts Payable	<u>6,160</u>
Total Adjustments	<u>905,857</u>
Net Cash Provided by Operating Activities	<u>\$ 1,824,624</u>

The accompanying notes are an integral part of the financial statements.

**CALHOUN PORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**Note 1: Reporting Entity**

Calhoun Port Authority (the "Port"), formerly known as Calhoun County Navigation District, was created as a conservation and reclamation district pursuant to Article XVI, Section 59 of the Texas Constitution by Chapter 195, Acts of the 53rd Texas Legislature, Regular Session, 1953. The Port operates under a Board of Commissioners/Port Director form of government, and provides and maintains port facilities for shipping purposes.

The Port was organized to facilitate the construction of a deep water navigation channel from the Gulf of Mexico to the Point Comfort, Calhoun County, Texas, dock facilities and turning basin. The Port has patents to all lands upon which the channels and jetties are situated; however, the United States Army Corps of Engineers has control over the use and maintenance of the jetties.

The Port's Commissioners are elected by the public and have the legal authority to govern, assess taxes, and designate management. The Port is financially independent with respect to any other subdivision, political or otherwise.

In the "Governmental Funds" financial statements of the Port, the Special Revenue fund represents the Calhoun County Navigation Industrial Development Authority (the "Authority"), a non-profit industrial development corporation organized under the Development Corporation Act of 1979. The Port's Board of Commissioners and Port Director also serve as the Board for the Authority, which gives the Port oversight responsibilities with respect to the Authority. The Authority is considered a blended component unit of the Port under the criteria of GASB Codification Section 2100. Separate financial statements of the Authority may be obtained from the office of the Port.

**Note 2: Summary of Significant Accounting Policies**

The accounting and reporting policies of the Port conform to generally accepted accounting principles, as applicable to governmental units. The following is a summary of such significant policies.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**CALHOUN PORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**Note 2: Summary of Significant Accounting Policies (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are properly excluded from program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in their respective fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**CALHOUN PORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**Note 2: Summary of Significant Accounting Policies (Continued)**

The government reports the following major governmental funds:

**General Fund** -- This fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Industrial Development Authority** -- This fund, which is a special revenue fund, is established to account for the operations of the Authority, a blended component unit of the Port.

**Debt Service Fund** -- This fund is established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than debt payable from the Enterprise Fund.

**Matagorda Ship Channel Permit** -- This fund, which is a capital project fund, is established to account for the major capital expenditures associated with the Matagorda Ship Channel Permit.

The government reports the following major proprietary fund:

**Enterprise Fund** -- This fund, called the AN/NH3 Facility, is established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered through user charges.

Additionally, the government reports the following fund types:

**Capital Projects Funds** -- These funds are used to account for major capital expenditures not financed by the Enterprise Fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

## CALHOUN PORT AUTHORITY

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

#### Note 2: Summary of Significant Accounting Policies (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the AN/NH3 Facility enterprise fund are charges to customers for services. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

#### Cash and Cash Equivalents

The Port's cash and cash equivalents are comprised entirely of its demand deposit accounts.

#### Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal" balances.

All trade and property tax receivables are shown net of an allowance for uncollectibles, if applicable.

**CALHOUN PORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**Note 2: Summary of Significant Accounting Policies (Continued)**

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., wharves, docks, jetties, roads, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual costs of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, equipment, and infrastructure of the primary government, as well as the component units, if applicable, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	20-50
Buildings	20-40
Equipment	5-20

**Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond issuance costs, if applicable, are deferred and amortized over the life of the bonds using the straight-line method.

**CALHOUN PORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**Note 2: Summary of Significant Accounting Policies (Concluded)**

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Property Taxes**

Property taxes attach as an enforceable lien on property as of the due date, January 1. Taxes were levied on October 1, 2006, for the fiscal year ended June 30, 2007. The tax rate was set at \$0.0041 per \$100 valuation with an assessment ratio of 100% on an assessed value of \$2,674,191,898. Taxes are billed and collected by the Calhoun County Appraisal District.

**Transfers**

Transfers represent authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

**Budget**

An annual budget is adopted for the general fund on a basis consistent with generally accepted accounting principles. The budget has been properly amended by the Board of Commissioners during the year.

**CALHOUN PORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**Note 3: Cash**

As of June 30, 2007, the carrying amount of the Port's deposits was \$4,333,964, and the bank balance was \$4,849,185. The Port's depository bank, First National Bank, pledges securities as collateral for the Port's deposits. The amount of the Port's deposits covered by a combination of collateral and federal depository insurance at June 30, 2007, was as follows:

Securities Pledged As Collateral (at Market Value)	\$ 6,566,485
Federal Depository Insurance	<u>100,000</u>
Total Coverage	<u><u>\$ 6,666,485</u></u>

Accordingly, all of the Port's deposits were covered by insurance or collateral at June 30, 2007.

**Note 4: Investments**

The Port had no investments as of, or during the year ended, June 30, 2007.

CALHOUN PORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

**Note 5: Capital Assets**

Capital asset activity for the year ended June 30, 2007, was as follows:

	Capital Assets Not Depreciated			Capital Assets Depreciated			Totals
	Land	Construction-in-Progress	Buildings	Equipment	Infrastructure		
<b>Primary Government:</b>							
Balance, June 30, 2006	\$ 4,658,113	\$ 1,996,497	\$ 2,207,972	\$ 2,026,265	\$ 86,495,067	\$ 97,383,914	
Increases	41,379	2,276,474	737,826	--	1,876,804	4,932,483	
Decreases	--	46,524	--	--	--	46,524	
Balance, June 30, 2007	<u>\$ 4,699,492</u>	<u>4,226,447</u>	<u>2,945,798</u>	<u>2,026,265</u>	<u>88,371,871</u>	<u>102,269,873</u>	
Accumulated Depreciation:							
Balance, June 30, 2006	--	--	1,156,846	753,144	51,009,919	52,919,909	
Increases	--	--	77,450	136,150	2,595,045	2,808,645	
Decreases	--	--	--	--	--	--	
Balance, June 30, 2007	<u>--</u>	<u>--</u>	<u>1,234,296</u>	<u>889,294</u>	<u>53,604,964</u>	<u>55,728,554</u>	
Capital Assets, Net	<u>\$ 4,699,492</u>	<u>\$ 4,226,447</u>	<u>\$ 1,711,502</u>	<u>\$ 1,136,971</u>	<u>\$ 34,766,907</u>	<u>\$ 46,541,319</u>	
Business-Type Activities:							
Balance, June 30, 2006	\$ --	\$ --	\$ --	\$ 575,469	\$ 32,410,122	\$ 32,985,591	
Increases	--	--	--	--	--	--	
Decreases	--	--	--	--	--	--	
Balance, June 30, 2007	<u>--</u>	<u>--</u>	<u>--</u>	<u>575,469</u>	<u>32,410,122</u>	<u>32,985,591</u>	
Accumulated Depreciation:							
Balance, June 30, 2006	--	--	--	106,015	6,229,526	6,335,541	
Increases	--	--	--	23,403	937,258	960,661	
Decreases	--	--	--	--	--	--	
Balance, June 30, 2007	<u>--</u>	<u>--</u>	<u>--</u>	<u>129,418</u>	<u>7,166,784</u>	<u>7,296,202</u>	
Capital Assets, Net	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 446,051</u>	<u>\$ 25,243,338</u>	<u>\$ 25,689,389</u>	

**CALHOUN PORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**Note 5: Capital Assets (Concluded)**

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:	
Port Operations	\$ 2,798,622
Administration	<u>10,023</u>
Total Depreciation Expense -	
Governmental Activities	<u>\$ 2,808,645</u>
Business-type Activities:	
AN/NH3 Facility	<u>\$ 960,661</u>

See Note 13 for additional information on capital assets.

**Note 6: Bonds Payable**

During the year ended June 30, 1998, the Port Authority and BP Chemicals, Inc. ("BPC") (BPC is now INEOS USA, LLP) entered into an interim financing agreement whereby the Authority agreed to construct a port storage tank and marine transfer facility (the "Facility"). BPC provided the interim financing to the Authority for the construction of the Facility, which would ultimately be owned and operated by the Port.

Under the terms of the agreement, the Authority issued port revenue bonds (the "Bonds") during December 1998. Proceeds from the Bonds were used to repay BPC for the construction advances that it provided and to cover the cost of completion of the Facility. Once completed, the Facility was sold by the Authority to the Port for \$30,000,000 under a seller-financing agreement. The resulting loan payable from the Port to the Authority carries terms that are identical to those of the Bonds (see bonds' terms below). On the statement of net assets, the loan payable is reflected as "Internal Receivables" under Governmental Activities, and as "Internal Payables" under Business-type Activities. The bonds payable are reflected as "Noncurrent Liabilities Due in More Than One Year" under Governmental Activities. Accrued interest payable, if any, on the outstanding loan principal is included as a liability under business-type activities. On the Governmental Funds Balance Sheet, the loan payable is reflected as "Advances to Other Fund" under Special Revenue. On the Proprietary Fund Statement of Net Assets, the loan payable is reflected as "Advances From Other Fund".

**CALHOUN PORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**Note 6: Bonds Payable (Continued)**

In conjunction with the transactions described above, the Port, the Authority and BPC entered into several related agreements setting forth the following terms:

- BPC *fully guarantees* payment of the Bonds (including interest).
- BPC will be the primary user of, and have preferential rights to reserve the use of, the Facility.
- Revenue generated from Facility operations will be used to meet debt service obligations of the Bonds.
- BPC guarantees that payments to the Port for use of the Facility will be in an amount adequate to cover operating costs of the Facility plus debt service obligations of the Bonds.
- After a period of 25 years (beginning with the initial delivery date of the Bonds), the Facility will be sold by the Port through competitive bidding. BPC shall have the right of first refusal to acquire the Facility by matching the highest bid (if from a party other than BPC).

The terms of the Bonds are as follows:

**Issue** -- Calhoun County Navigation Industrial Development Authority Port Revenue Bonds (The British Petroleum Company p.l.c., guarantor), Series 1998

**Maturity Date** -- January 1, 2024

**Interest Rate** -- Variable (range of 3.15% to 4.06% during the year ended June 30, 2007)

Interest is paid periodically as it becomes due. Interest paid during the year ended June 30, 2007 totaled \$1,113,312. The entire principal balance of \$30,000,000 is due January 1, 2024.

On December 18, 2003, the Authority issued port revenue bonds of \$2,400,000, the proceeds of which were used to construct a new AN tank. The bonds were issued pursuant to agreements with terms very similar to the agreements used for the \$30,000,000 issue described above. The three parties to the agreements are the same for this \$2,400,000 issue as they were for the \$30,000,000 issue; and the accounting for the \$2,400,000 issue is identical to that of the \$30,000,000 issue.

The terms of the \$2,400,000 bond issue are as follows:

**Issue** -- Calhoun County Navigation Industrial Development Authority Port Revenue Bonds (BP p.l.c., guarantor), Series 2003

**Maturity Date** -- January 1, 2024

**CALHOUN PORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**Note 6: Bonds Payable (Concluded)**

**Interest Rate -- Variable** (range of 3.15% to 4.13% during the year ended June 30, 2007)

Interest is paid periodically as it becomes due. Interest paid during the year ended June 30, 2007 totaled \$87,975. The entire principal balance of \$2,400,000 is due January 1, 2024.

Long-term liability activity for the year ended June 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Port Revenue Bonds	\$ 32,400,000	\$ -0-	\$ -0-	\$ 32,400,000	\$ -0-

Using the interest rates in effect at June 30, 2007, the estimated interest payments due each year through June 30, 2023 would be \$1,317,120. For the year ended June 30, 2024, the principal and estimated interest payments will be \$32,400,000 and \$658,560, respectively.

**Note 7: Revenue Bonds Issued on Behalf of Others**

The Authority and the Port have assisted industries within the district by issuing revenue bonds on their behalf (see Note 1). For each of these bond issues, the Authority or the Port acted as an issuing conduit so that the user of the bond proceeds benefited from reduced debt service requirements. The users of the bond proceeds pledge their credit, bear sole responsibility for all debt service, make all payments directly to the trustee, and completely indemnify the Authority and the Port for any costs incurred. Therefore, these bonds do not constitute indebtedness of the Authority or the Port and are not reported in the Port's financial statements.

Revenue bonds outstanding at June 30, 2007, are as follows:

<u>Series</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Effective Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding at 06-30-07</u>
Port Revenue Bonds (Formosa Plastics Corporation, Texas Project)					
1994	10-01-94	11-01-15	Variable	\$ 48,500,000	\$ 48,500,000
Port Revenue Bonds (Formosa Plastics Corporation, Texas Project)					
2000	05-12-00	05-01-20	Variable	\$ 5,500,000	\$ 5,500,000

**CALHOUN PORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**Note 7: Revenue Bonds Issued on Behalf of Others (Concluded)**

<u>Series</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Effective Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding at 06-30-07</u>
Solid Waste Disposal Revenue Bonds (Formosa Plastics Corporation)					
2000	05-12-00	05-01-25	Variable	\$ 25,000,000	\$ 25,000,000
Solid Waste Disposal Revenue Bonds (Formosa Plastics Corporation)					
2001	05-02-01	05-01-31	Variable	\$ 25,000,000	\$ 25,000,000
Pollution Control Revenue Bonds (Formosa Plastics Corporation)					
2002	09-01-02	09-01-32	Variable	\$ 10,000,000	\$ 10,000,000
Environmental Facilities Revenue Bonds (Formosa Plastics Corporation)					
2004	05-01-04	05-01-34	Variable	\$ 13,775,000	\$ 13,775,000
Tax-Exempt Adjustable Mode Environmental Facilities Revenue Bonds (Formosa Plastics Corporation)					
2006	06-29-06	06-01-36	Variable	\$ 28,500,000	\$ 28,500,000

**Note 8: Lawsuits**

The Port is subject to claims and lawsuits which arise primarily in the ordinary course of business. As of June 30, 2007 management was not aware of any pending or threatened litigation.

**CALHOUN PORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2007**

**Note 9: Operating Leases**

The Port leases buildings, land, pipelines, and easements, the original cost of which can not be readily determined, to several entities under operating leases expiring in various years through 2031. At June 30, 2007, minimum future rental revenues are expected to be as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Amount</u>
2008	\$ 346,907
2009	263,757
2010	262,349
2011	237,591
2012	234,633
Thereafter	<u>1,765,206</u>
Total	<u>\$ 3,110,443</u>

Total revenue from operating leases for the year ended June 30, 2007 was \$310,249.

**Note 10: Deferred Compensation Plan**

The Port offers its employees and board members a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time Port employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. The deferred compensation is available to employees' beneficiaries in the case of death.

Eligibility of employees for Port contributions to the plan will be one year of full-time, uninterrupted employment. Port contributions to the plan on behalf of employees are as follows:

<u>Years of Employment</u>	<u>% of Base Annual Salary Contributed</u>
One	2.84%
Two	5.68%
Three or More	8.50%

**CALHOUN PORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**Note 10: Deferred Compensation Plan (Concluded)**

Board members are eligible for Port contributions to the plan upon commencement of their elected terms. Port contributions to the plan on behalf of board members are fixed at \$125 per month per member. However, board members are not considered to be employees of the Port. Accordingly, board members are not allowed to defer any portion of their board service fees into the plan.

The Port contributes to the plan on behalf of all eligible employees and board members. For the fiscal year ended June 30, 2007, the Port contributed \$54,191 to the plan.

All assets of the Plan are held in trust by an independent administrator for the exclusive benefit of participants and their beneficiaries.

**Note 11: Compensated Absences**

Port employees are not paid for unused sick days upon termination. However, the Port's personnel policy authorizes the Port to purchase up to 56 hours of unused sick leave annually from each full-time employee.

The amount of vacation pay due to employees as of June 30, 2007, is immaterial to the financial statements taken as a whole. Consequently, no liability has been accrued for compensated absences.

**Note 12: Commitments and Contingencies**

The Port has budgeted about \$168,000 for capital improvements during the fiscal year ending June 30, 2008.

The Port has a contract with the Lavaca-Navidad River Authority ("LNRA") whereby LNRA must provide up to 410 acre-feet of water per year to the Port. The Port must pay for the water, whether or not taken. The Port pays for the water monthly at variable rates determined by the Board of Directors of LNRA. The contract expires in 2025. The amount paid by the Port for the year ended June 30, 2007, was \$68,439.

Adjacent to the port facility is an electricity generation plant that has not been in operation for several years. In July 2004, the Port purchased the plant, and surrounding 170 acres, from E. S. Joslin, LP for \$50,000. In January 2005, an outside party signed an option to purchase the facility. If exercised, the purchase price will be \$15,000,000. In addition, the Port will be obligated, at its sole expense, to construct a dock to accommodate the needs of the new owner. During the option period, the Port is receiving an option fee of \$15,000 per month. In August 2007, the option was extended for one year for an upfront fee of \$1,400,000. The extent of environmental remediation, if any, has not yet been fully determined.

**CALHOUN PORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

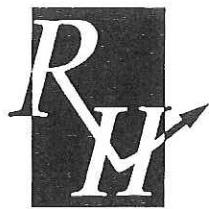
**Note 12: Commitments and Contingencies (Concluded)**

In October 2004, the Port entered into an interim financing agreement with Gulf Coast LNG Partners, LP, whereby Gulf Coast is paying \$4,166.67 per month for an option to lease a project site from the Port. When the project permits are issued, a liquefied natural gas (or LNG) re-gasification and storage facility will be constructed on the Port's property. The construction cost of the project could be as much as \$450,000,000. When built, the financing and leasing arrangement is expected to be similar to that described in Note 6 on pages 29 through 31.

**Note 13: Prior Period Adjustment**

During the year ended June 30, 2007, an error was discovered in the Port's method of depreciating certain infrastructure assets. Specifically, certain assets that should have been included in depreciable assets were not. To correct this error, the Port recalculated accumulated depreciation on infrastructure assets and adjusted the Port's financial statements to reflect the appropriate balances. Adjustments were also made to remove certain routine dredging and erosion control costs that was inadvertently capitalized, and to reclassify certain capital assets to a more appropriate capital asset category. These corrections resulted in a net prior period adjustment of \$55,059,248 as decreases to Capital Assets, Net of Accumulated Depreciation and Investment in Capital Assets, Net of Related Debt (Deficit) as of June 30, 2006. The condensed financial information included in the accompanying Management's Discussion and Analysis on pages 6 through 9, the accompanying Statement of Net Assets and Statement of Activities, and the figures presented in Note 5 reflect this prior period adjustment.

## **SUPPLEMENTARY INFORMATION SECTION**



\*Pointing The Way to Success\*

## Roloff, Hnatek & Co., L.L.P.

Certified Public Accountants  
Financial Consultants  
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Lloyd Hurst, Jr. CPA  
Paul B. Holm, CPA  
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Christopher L. Culak, CPA

### INDEPENDENT AUDITORS' REPORT

**REPORT ON**  
**INTERNAL CONTROL OVER FINANCIAL**  
**REPORTING AND ON COMPLIANCE AND OTHER MATTERS**  
**BASED ON AN AUDIT OF**  
**FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH**  
**GOVERNMENT AUDITING STANDARDS**

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Board of Commissioners  
Calhoun Port Authority  
Point Comfort, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Calhoun Port Authority as of and for the year ended June 30, 2007, which collectively comprise Calhoun Port Authority's basic financial statements and have issued our report thereon dated August 30, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Calhoun Port Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Calhoun Port Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Calhoun Port Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Calhoun Port Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Calhoun Port Authority's financial statements that is more than inconsequential will not be prevented or detected by the Calhoun Port Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Calhoun Port Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Calhoun Port Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do no express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Commissioners, management, the Texas Commission on Environmental Quality, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

August 30, 2007

**CALHOUN PORT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2007**

There were no findings and/or questioned costs noted requiring disclosure.

**CALHOUN PORT AUTHORITY**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2007**

There were no findings and/or questioned costs noted during the prior year's audit.

CALHOUN PORT AUTHORITY

SCHEDULE OF PRINCIPAL TAXPAYERS

TAX YEAR 2007

-UNAUDITED-

Taxpayer	Type of Business	Prior Year's Ranking	Market Value	2006 Assessed Value (Excluding Abatement Value)		Percent (%) of Total Assessed Valuation <sup>2</sup>
				Abatements <sup>1</sup>	2006 Assessed Value (Excluding Abatement Value)	
1 Formosa Plastics Corp., Texas	Chemical Manufacturer	1	\$ 1,405,491,808	\$ 55,305,896	\$ 1,350,185,912	50.49%
2 Formosa Plastics Corp., America	Chemical Manufacturer	2	246,282,462	2,558,600	243,723,862	9.11
3 Alcoa World Alumina, LLC	Aluminum/Chemical Manufacturer	3	189,341,910	47,210,500	142,131,410	5.32
4 Formosa Utility Venture, LTD	Private Utility Company	4	120,871,520	11,304,400	109,567,120	4.10
5 Nan Ya Plastics Corp., America	Chemical Manufacturer	5	97,072,371	-0-	97,072,371	3.63
6 Neumin Production Company	Natural Gas Company	7	32,853,640	-0-	32,853,640	1.23
7 C & E Operating, Inc.	Oil and Gas Company	N/A	25,738,860	-0-	25,738,860	.96
8 Formosa Transrall Corp.	Transportation Company	6	23,404,990	-0-	23,404,990	.88
9 AEP Central Power & Light Company	Electrical Utility Company	8	16,432,640	-0-	16,432,640	.61
10 King Fisher Marine Service, Inc.	Marine Construction Company	9	13,457,544	548,855	12,908,689	.48
<b>Totals</b>			<b>\$2,170,947,745</b>	<b>\$ 116,928,251</b>	<b>\$ 2,054,019,494</b>	<b>76.81%</b>

<sup>1</sup> Abatements, Foreign Trade Zone, Pollution and Agricultural Exemptions

<sup>2</sup> Adjusted Amount - \$2,674,191,898

Source: Calhoun Port Authority

-UNAUDITED-

CALHOUN PORT AUTHORITY

SCHEDULE OF INSURANCE COVERAGE

JUNE 30, 2007

-UNAUDITED-

Type of Coverage	Carrier	Policy No.	From	To	Policy Period	Premium	Amount of Coverage	Amount of Deductible
Workers Compensation Insurance	Texas Municipal League	8713	10-01-06	10-01-07	\$ 15,656	Statutory Limit	N/A	
General Liability	Texas Municipal League	8713	10-01-06	10-01-07	7,575	\$ 1,000,000	5,000	
Errors and Omissions Liability	Texas Municipal League	8713	10-01-06	10-01-07	1,736	500,000	5,000	
Automobile	Texas Municipal League	8713	10-01-06	10-01-07	2,794	500,000	5,000	
Equipment	Essex Insurance Co.	4IMW01731-0	06-30-06	06-30-07	52,568	4,800,522	1,000/500	
Inland Marine AN/NH3 Facilities	Birmingham Fire Ins.	ST260-93-85	06-30-06	06-30-07	196,300	36,309,500	\$ 50,000 All Property \$10,000,000 Earthquake \$10,000,000 Flood \$250,000 Named Windstorm \$10,000 Contractor Equipment	
Windstorm & Hail	TWIA	19718006	06-30-06	06-30-07	15,548	3,087,500	1,000	
Customs Bond	Universal Surety	TX0915818	06-30-06	06-30-07	2,000	100,000	N/A	
Official Bond & Oath	Western Surety		05-06-02	05-06-06	846	6@ \$1,000	N/A	
Notary Public Bonds	Old Republic Surety		05-08-97	Continuous		2,500	N/A	
Fidelity Bond	Fidelity & Deposit Co.	CCP001207109	08-01-05	08-01-06	422	100,000	1,000	
International Customs Bond	Western Surety	460701964	02-15-07	02-15-08	2,000	100,000	N/A	

Source: Calhoun Port Authority

-UNAUDITED-

CALHOUN PORT AUTHORITY  
CARGO TRAFFIC STATISTICS

YEARS ENDED JUNE 30, 2007, 2006, 2005, 2004, AND 2003

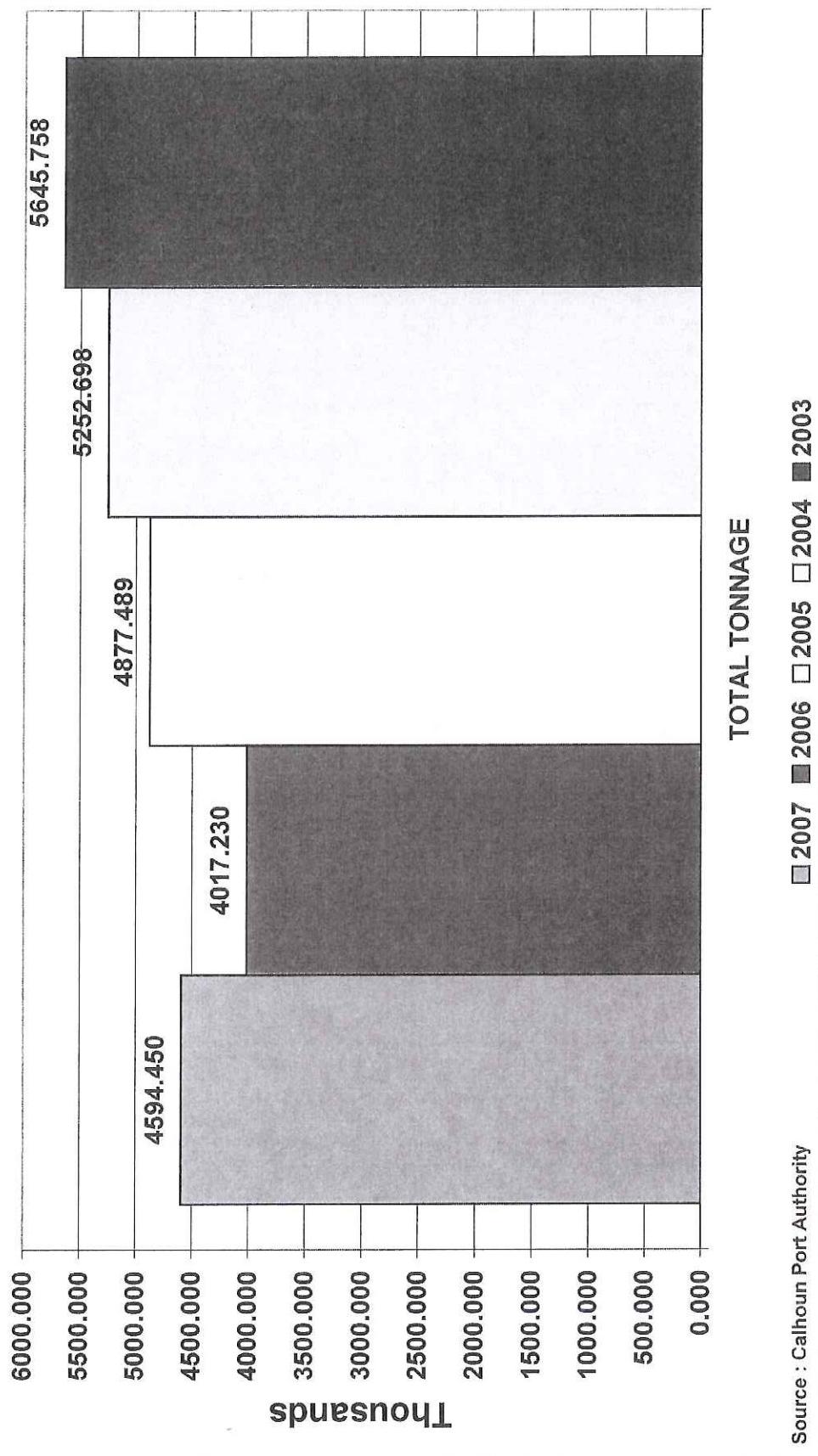
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	2007		2006		2005		2004		2003	
	Tonnage	Port Percentage								
Liquid Bulk Cargo .....	4,583,947.9	99.771%	4,013,003.7	99.895%	4,876,695.1	99.984%	5,249,594.9	99.941%	5,633,832.6	99.789%
Dry Bulk Cargo .....	10,502.5	0.229	4,225.9	0.105	794.1	0.016	3,103.2	0.059	11,925.0	0.211
Other .....	0.0	0.000	0.0	0.000	0.0	0.000	0.0	0.000	0.0	0.000
Totals .....	<u>4,594,450.4</u>	<u>100.000%</u>	<u>4,017,229.6</u>	<u>100.000%</u>	<u>4,877,489.2</u>	<u>100.000%</u>	<u>5,252,698.1</u>	<u>100.000%</u>	<u>5,645,757.6</u>	<u>100.000%</u>
 Tonnage/Percent Export.....										
Tonnage/Percent Import.....	1,710,868.4	37.238	1,711,208.6	42.597%	1,699,842.2	34.851%	1,762,464.6	33.554%	2,031,743.4	35.987%
Tonnage/Percent Domestic ...	1,356,837.4	29.532	1,125,710.6	28.022	1,857,786.3	38.089	1,915,661.9	36.470	1,919,191.8	33.994
Totals .....	<u>1,526,744.6</u>	<u>33.230</u>	<u>1,180,310.4</u>	<u>29.381</u>	<u>1,319,860.7</u>	<u>27.060</u>	<u>1,574,571.6</u>	<u>29.976</u>	<u>1,694,822.4</u>	<u>30.019</u>
 Ships										
Barges	257	239	271				252		276	
Totals	<u>792</u>	<u>589</u>	<u>909</u>				<u>746</u>		<u>773</u>	
		<u>828</u>	<u>1,180</u>				<u>998</u>		<u>1,049</u>	

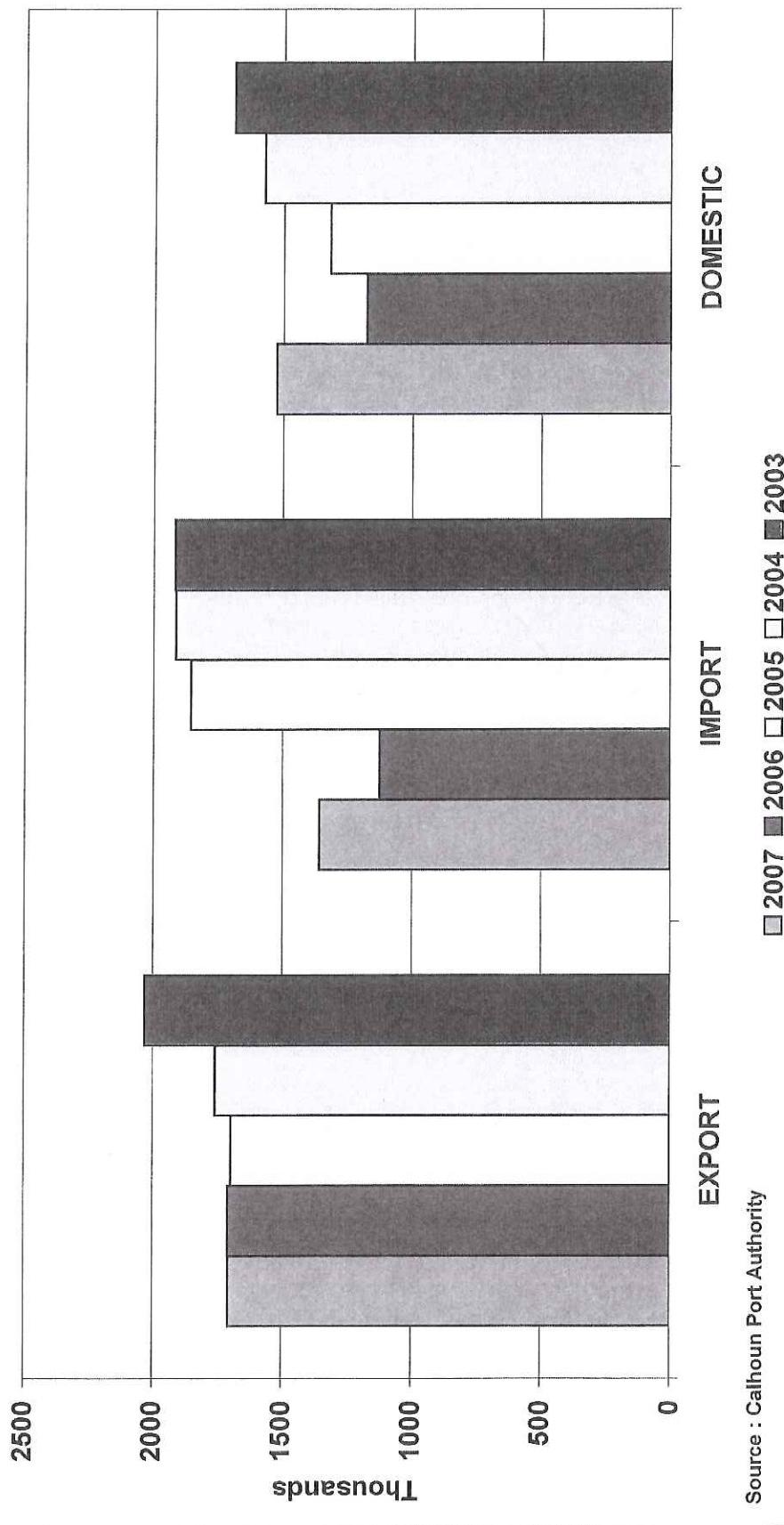
Source: Calhoun Port Authority

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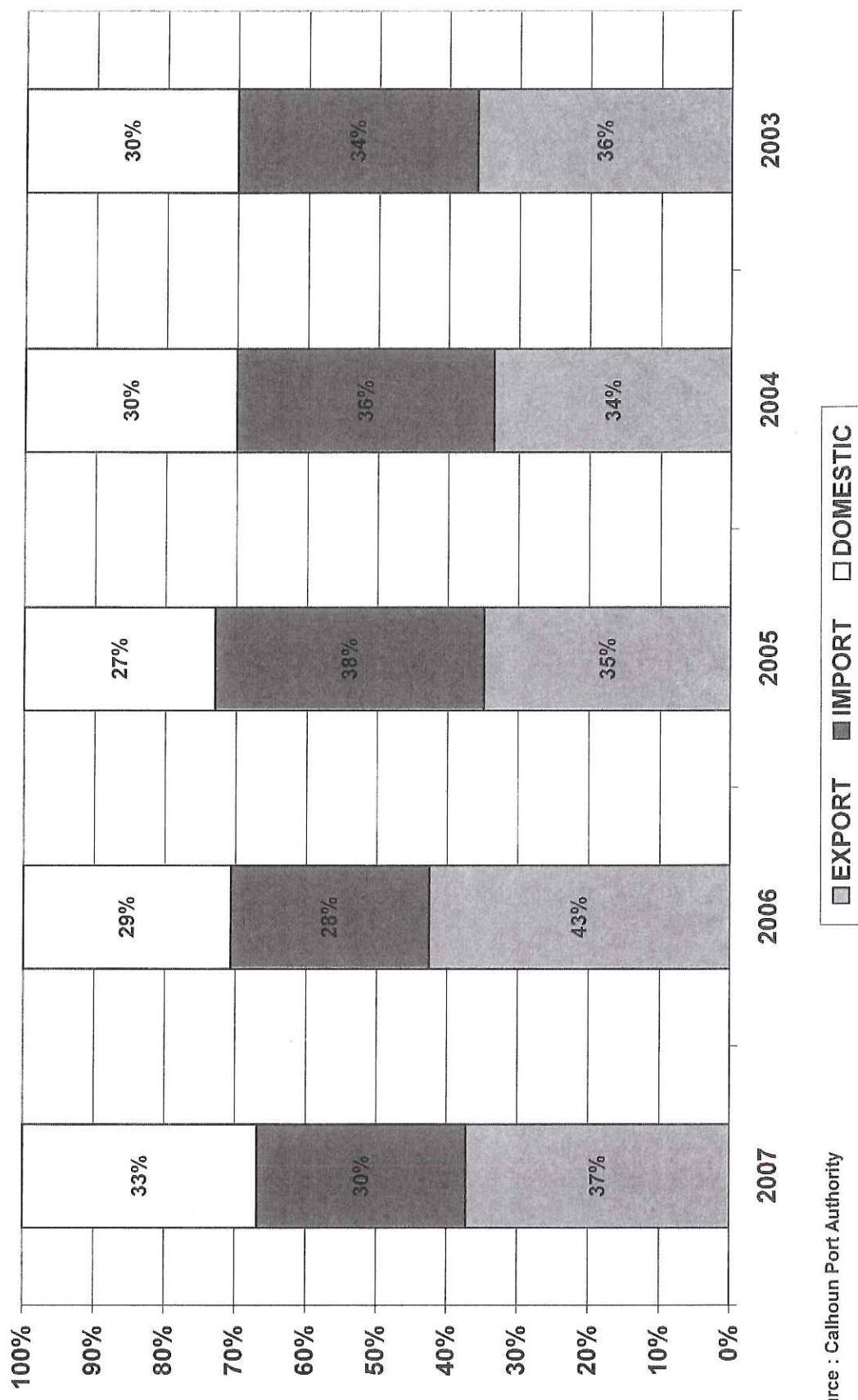
CALHOUN PORT AUTHORITY  
TOTAL TONNAGE BY YEAR  
(Unaudited)



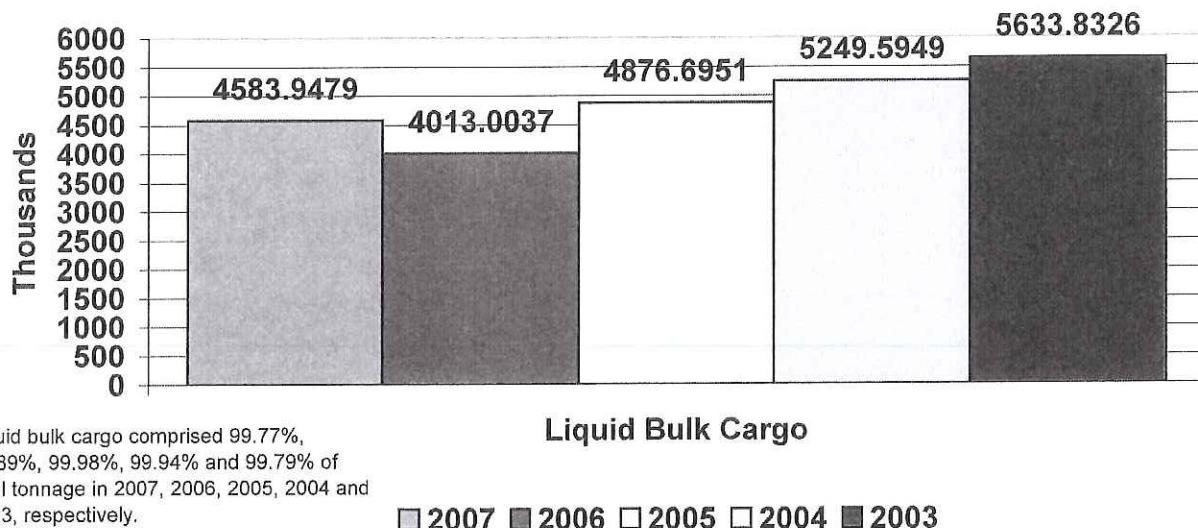
CALHOUN PORT AUTHORITY  
TONNAGE BY CATEGORY  
(Unaudited)



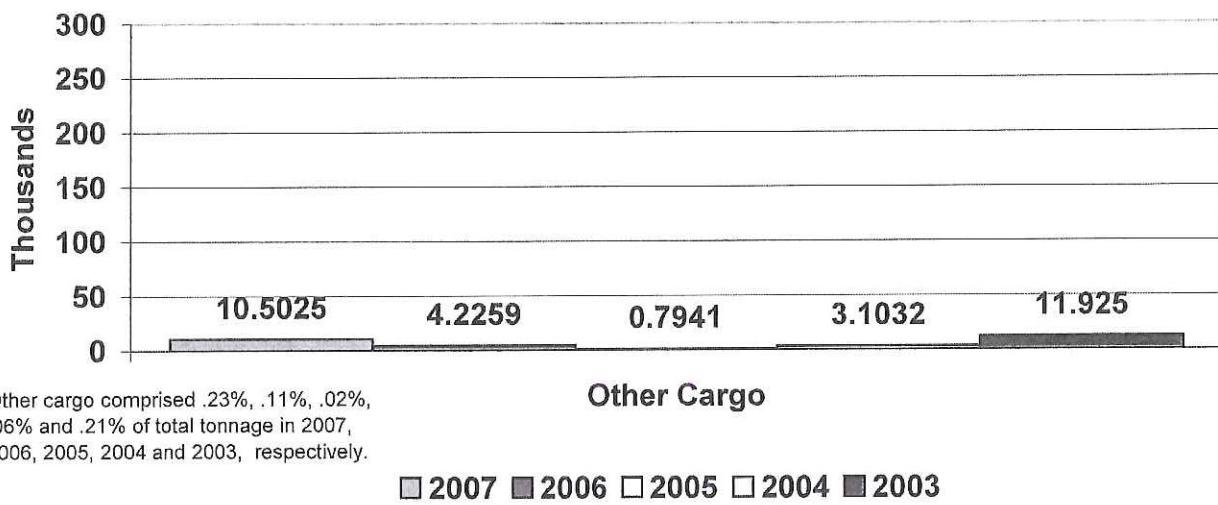
## CALHOUN PORT AUTHORITY PERCENT TONNAGE BY CATEGORY (Unaudited)



**CALHOUN PORT AUTHORITY  
LIQUID BULK CARGO IN TONS  
(Unaudited)**

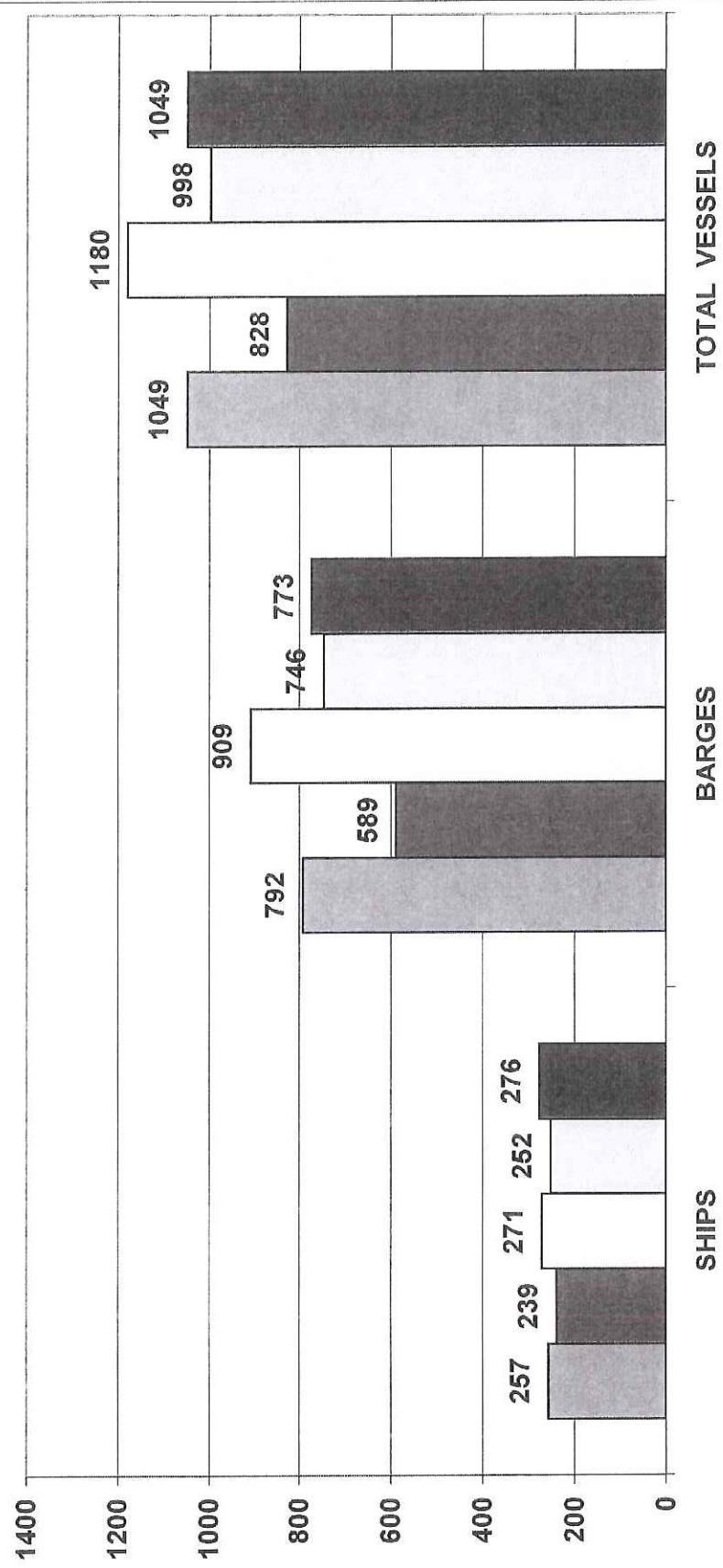


**CALHOUN PORT AUTHORITY  
OTHER CARGO IN TONS  
(Unaudited)**



Source : Calhoun Port Authority

CALHOUN PORT AUTHORITY  
NUMBER OF VESSELS  
(Unaudited)



Source : Calhoun Port Authority